

105TH CONGRESS  
2D SESSION

# H. R. 4433

To ensure that any entity owned, operated, or controlled by the People's Liberation Army or the People's Armed Police of China does not conduct certain business with United States persons, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 6, 1998

Mr. GEPHARDT (for himself, Mr. BONIOR, and Ms. PELOSI) introduced the following bill; which was referred to the Committee on Commerce, and in addition to the Committees on International Relations, Ways and Means, and National Security, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To ensure that any entity owned, operated, or controlled by the People's Liberation Army or the People's Armed Police of China does not conduct certain business with United States persons, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Trading With the  
5 Communist Chinese Military Act of 1998”.

1 **SEC. 2. FINDINGS AND POLICY.**

2 (a) FINDINGS.—The Congress makes the following  
3 findings:

4 (1) The People’s Liberation Army is the prin-  
5 cipal instrument of repression within the People’s  
6 Republic of China, responsible for massacring an un-  
7 known number of students, workers, and other dem-  
8 onstrators for democracy in Tiananmen Square on  
9 June 4, 1989.

10 (2) The People’s Liberation Army is responsible  
11 for occupying Tibet since 1950 and implementing  
12 the official policy of the People’s Republic of China  
13 to eliminate the unique cultural, linguistic, and reli-  
14 gious heritage of the Tibetan people.

15 (3) The People’s Liberation Army has oper-  
16 ational control of the People’s Armed Police, an in-  
17 ternal security force of over 1,000,000 troops, whose  
18 primary purpose is to suppress the legitimate pro-  
19 tests of Chinese workers.

20 (4) The People’s Liberation Army is engaged in  
21 a massive effort to modernize its military capabili-  
22 ties.

23 (5) The People’s Liberation Army owns and op-  
24 erates hundreds of companies and thousands of fac-  
25 tories the profits from which in some measure are  
26 used to support military activities.

1           (6) Companies owned by the People's Libera-  
2           tion Army and the People's Armed Police export to  
3           the United States such products as toys, clothing,  
4           frozen fish, lighting fixtures, garlic, glassware, yarn,  
5           footwear, chemicals, machinery, metal products, fur-  
6           niture, decorations, gloves, tents, and tools.

7           (7) Companies owned by the People's Libera-  
8           tion Army and People's Armed Police regularly so-  
9           licit investment in joint ventures with United States  
10          companies.

11          (8) The People's Liberation Army and People's  
12          Armed Police have established in the United States  
13          over the past decade at least 23 different companies.

14          (9) The people of the United States are un-  
15          aware that certain products they are purchasing in  
16          retail stores are produced by companies owned and  
17          operated by the People's Liberation Army or the  
18          People's Armed Police of China.

19          (10) The purchase of these products by Amer-  
20          ican consumers places them in the position of unwit-  
21          tingly subsidizing the operations of the People's Lib-  
22          eration Army and the People's Armed Police.

23          (11) The Government of the People's Republic  
24          of China, with the assistance of the People's Libera-  
25          tion Army and the People's Armed Police, continues

1 to deny its citizens basic human rights enumerated  
2 in the Universal Declaration of Human Rights, per-  
3 secutes those who seek to freely practice their reli-  
4 gion, and denies workers the right to establish free  
5 and independent trade unions.

6 (b) POLICY.—It is the policy of the United States to  
7 prohibit any entity owned, operated, or controlled by the  
8 People’s Liberation Army of China or the People’s Armed  
9 Police of China from operating in the United States or  
10 conducting certain business with persons subject to the ju-  
11 risdiction of the United States.

12 **SEC. 3. DETERMINATION OF COMMUNIST CHINESE MILI-**  
13 **TARY COMPANIES.**

14 (a) IN GENERAL.—Not later than 90 days after the  
15 date of the enactment of this Act, the Secretary of De-  
16 fense, in consultation with the Secretary of the Treasury,  
17 the Attorney General, the Director of Central Intelligence,  
18 and the Director of the Federal Bureau of Investigation,  
19 shall compile a list of persons who are Communist Chinese  
20 military companies and who are operating directly or indi-  
21 rectly in the United States or any of its territories and  
22 possessions, and shall publish the list of such persons in  
23 the Federal Register. Every 6 months, the Secretary of  
24 Defense, in consultation with the Secretary of the Treas-  
25 ury, the Attorney General, the Director of Central Intel-

1   ligence, and the Director of the Federal Bureau of Inves-  
2   tigation, shall make such additions to or deletions from  
3   the list as are necessary, based on the latest information  
4   available.

5       (b) COMMUNIST CHINESE MILITARY COMPANY.—For  
6   purposes of making the determination required by sub-  
7   section (a), the term “Communist Chinese military com-  
8   pany”—

9           (1) means a person that is—

10           (A) engaged in providing commercial serv-  
11           ices, manufacturing, producing, or exporting;  
12           and

13           (B) owned, operated, or controlled by the  
14           People’s Liberation Army of China or the Peo-  
15           ple’s Armed Police of China; and

16           (2) includes, but is not limited to, any person  
17   identified in the United States Defense Intelligence  
18   Agency publication numbered VP–1920–271–90,  
19   dated September 1990, or PC–1921–57–95, dated  
20   October 1995, and any updates of such report under  
21   subsection (c).

22       (c) UPDATING OF REPORTS.—The United States De-  
23   fense Intelligence Agency shall update the report described  
24   in subsection (b)(2) by not later than 90 days after the  
25   date of the enactment of this Act and not later than every

1 6 months thereafter, for purposes of identifying Com-  
2 munist Chinese military companies.

3 **SEC. 4. PROHIBITIONS.**

4 (a) OFFICERS, DIRECTORS, ETC.—It shall be unlaw-  
5 ful for any person to serve as an officer, director, or other  
6 manager of any office or business anywhere in the United  
7 States or its territories or possessions that is owned, oper-  
8 ated, or controlled by a Communist Chinese military com-  
9 pany.

10 (b) DIVESTITURE.—The President shall by regula-  
11 tion require the closing and divestiture of any office or  
12 business in the United States or its territories or posses-  
13 sions that is owned, operated, or controlled by a Com-  
14 munist Chinese military company.

15 (c) IMPORTATION.—No goods or services that are the  
16 growth, product, or manufacture of a Communist Chinese  
17 military company may enter the customs territory of the  
18 United States.

19 (d) CONTRACTS, LOANS, OWNERSHIP INTERESTS.—  
20 It shall be unlawful for any person subject to the jurisdic-  
21 tion of the United States knowingly—

22 (1) to make any loan or other extension of cred-  
23 it to any Communist Chinese military company; or

24 (2) to acquire an ownership interest in any  
25 Communist Chinese military company.

1       (e) EXPORTS.—It shall be unlawful for any person  
2 subject to the jurisdiction of the United States to export  
3 any item on the United States Munitions List to a Com-  
4 munist Chinese military company.

5       (f) EXCEPTION FOR HUMANITARIAN ITEMS.—Sub-  
6 sections (a) through (e) shall not apply with respect to  
7 a transaction if the President determines that the trans-  
8 action involves the transfer of food, clothing, medicine, or  
9 emergency supplies intended to relieve human suffering,  
10 and the President transmits that determination to the  
11 Congress.

12 **SEC. 5. REGULATORY AUTHORITY.**

13       The President shall issue such regulations as are nec-  
14 essary to carry out this Act.

15 **SEC. 6. PENALTIES.**

16       Any person who knowingly violates section 4 or any  
17 regulation issued thereunder—

18           (1) in the case of the first offense, shall be  
19 fined not more the \$100,000, or imprisoned not  
20 more than 1 year, or both; and

21           (2) in the case of any subsequent offense, shall  
22 be fined not more than \$1,000,000, or imprisoned  
23 not more than 4 years, or both.

24 **SEC. 7. DEFINITION.**

25       For purposes of this Act—

1           (1) the term “People’s Liberation Army” means  
2           the land, naval, and air military services and the  
3           military intelligence services of the Communist Gov-  
4           ernment of the People’s Republic of China, and any  
5           member of any such service; and

6           (2) the term “People’s Armed Police” means  
7           the paramilitary service of the Communist Govern-  
8           ment of the People’s Republic of China, whether or  
9           not such service is subject to the control of the Peo-  
10          ple’s Liberation Army, the Public Security Bureau  
11          of that government, or any other governmental en-  
12          tity of the People’s Republic of China.

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